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C O N F I D E N T I A L SECTION 01 OF 03 KATHMANDU 001559

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STATE FOR SA/INS
NSC FOR MILLARD
LONDON FOR POL - GURNEY

E.O. 12958: DECL: 08/12/2013

TAGS: [PTER](#) [PGOV](#) [NE](#)

SUBJECT: NEPAL: UPCOMING NEGOTIATIONS WITH MAOISTS PRESENT
INCREASED RISKS AND OPPORTUNITIES

REF: A. KATHMANDU 1552
[1](#)B. KATHMANDU 1423
[1](#)C. KATHMANDU 1216

Classified By: DCM ROBERT K. BOGGS. REASON: 1.5 (B,D).

SUMMARY

[1](#)1. (C) The third round of negotiations between the Government of Nepal (GON) and Maoist insurgents, scheduled to take place on August 17 in the southwestern city of Nepalgunj, could prove a watershed in the fitful peace process. We expect this round to be more substantive--and thus potentially more problematic--than the two earlier sessions held under the previous interim government. The Maoists will likely find the newest team of GON negotiators better prepared, more proactive and less yielding than its predecessor. If the Maoists believe that they will be unable to wring further concessions from the GON through negotiations, hardliners within the insurgent leadership could push to break the ceasefire. The role of India could be decisive in pressuring the Maoists to stay in talks. It will be important for the USG and others in the international community to express strong public and private support for GON efforts in the peace process. End summary.

A LEANER, MEANER GON TEAM

[1](#)2. (C) The August 17 round of talks between the Government of Nepal's (GON) new negotiating team and its Maoist counterpart likely will prove both more substantive and more contentious than either of the two previous sessions (held on April 27 and May 9) under the government of former Prime Minister Lokendra Bahadur Chand. Throughout the course of the earlier rounds, Chand's five-person team, hobbled by internal political rivalries, inexperience, and, perhaps, a lack of clear direction from the Palace, failed to develop either a comprehensive set of goals for the negotiations or a cohesive strategy aimed at obtaining them. This flaccid negotiating style, unfortunately, played into the hands of the more aggressive Maoist talk team, whose numerous, often lengthy demands dominated the agenda, which a passive GON side often accepted without any counter-proposals of its own. The political cost of this ad hoc, disorganized approach to negotiating became painfully apparent in the May 9 round when the GON team let itself be bulldozed into agreeing to a 5 km restriction for Royal Nepal Army (RNA) soldiers--only to have to repudiate the ill-advised concession publicly after a storm of protest from the indignant and unconsulted RNA leadership.

[1](#)3. (C) The new two-man team appointed by PM Surya Bahadur Thapa seems better prepared, better focused, and to be taking greater initiative than its feckless predecessor. GON negotiators (Information Minister Kamal Thapa and Finance Minister Prakash Lohani) held a series of informal meetings with Maoist leaders before setting a date for fresh talks. While agreeing to fulfil some concessions made in the previous two rounds (i.e., the release of certain Maoist prisoners), the GON team held firm on rejecting other, additional demands, such as personal participation of the King in the peace talks, restrictions on the RNA, and abrogation of an antiterrorism training agreement with the USG (Ref B). Rather than allowing unrealistic Maoist demands drive the agenda, the Thapa/Lohani team has seized the initiative by preparing its own set of political proposals intended to respond in part to key Maoist demands (Ref A). The ill-defined framework for the previous rounds made it easy for the Maoists to hijack the discussions by inserting unrealistic surprise demands and threatening to break off talks unless they were met. The establishment of a Peace Secretariat within the GON (Ref C), which has drafted a set

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of procedures for the talks that the GON will ask the Maoists to endorse at the August 17 meeting, should help keep the agenda within stipulated boundaries, lessening chances for

the insurgents to commandeer the discussions.

MAOIST NEGOTIATING TACTICS:
DEMAND, DENY, DEBATE

14. (C) The Maoists clearly used the 2001 ceasefire to rebuild their depleted strength and prepare for the next stage of more intense conflict--taking on the RNA. Not surprisingly, many--including many in the RNA--believe that the insurgents' behavior during the current ceasefire, which has seen Maoist extortion, intimidation, recruitment, and training shoot into overdrive, suggests they are equally insincere in pursuing a peaceful settlement this time. Some see the recent uptick in Maoist violations of the ceasefire--especially the abductions and murders of RNA soldiers--as an attempt to provoke the security forces into breaking the peace first. Negotiations, some believe, are just one part of a long-term Maoist strategy to gain power by alternately wresting political concessions from the GON through talks and tactical advantage through armed conflict. According to this view, the Maoists decided to accept a ceasefire last January primarily in order to rebuild diminished popular support and because they had determined that the GON was prepared to grant them significant concessions, and will continue negotiations only as long as they perceive they can gain political advantage from participating. The Maoists' confrontational negotiating techniques--demand the maximum advantage, deny the slightest concession, and repeatedly threaten to walk out on the flimsiest of pretexts--has served them well thus far, cowing the previous GON team into granting substantial commitments (release of prisoners, restricting the RNA) without gaining anything in exchange.

15. (C) For those who suspect the Maoists have no true interest in a political settlement and are cynically using the negotiations only to wring concessions from the GON, the August 17 round of talks may prove a litmus test. Unfortunately, neither the 2001 negotiations nor the two rounds held earlier during the current ceasefire offer any indication of how the Maoists may react to a more confident, less accommodating GON posture across the table. The Maoists are undoubtedly under pressure, both from hardliners within their own organization and from restless, idle cadres in the field to demonstrate that they can continue to make gains by negotiating. Keeping the Maoists at the table will depend, in part, on the nature of the political reforms the GON side plans to offer the Maoists as a compromise (Ref A). Also important will be whether the mainstream political parties support the GON proposals and negotiating position. Finally, whether India maintains the "pressure" cited by Maoist negotiator Bhattarai as a principal reason that he agreed to a third round (Ref A) will be crucial.

IMPLICATIONS FOR U.S. POLICY

16. (C) Many observers believe that if indeed the Maoists break the ceasefire, the conflict can be expected to be even more violent than before. It is thus more important than ever that the USG, along with the rest of the international community, express strong public and private support for GON efforts in the peace process. Embassy's August 14 press release applauding announcement of the third round (text e-mailed to SA/INS) was well received by the GON (and, we hope, by the Maoists as well). Other helpful measures could include the following:

a) Negotiation Support: Many observers blame the GON's lack of negotiating expertise for the lack of progress so far. We will continue to pursue a source of USG funding (perhaps beginning with reprogramming unobligated ESF funds) for quiet technical assistance to the Peace Secretariat and/or GON negotiators. We would want to continue helping the Secretariat to build its institutional capacity even if talks

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break down.

b) Political Parties: The Maoists had hoped to use the ceasefire to win support from the mainstream political parties--an effort that has clearly failed. At the same time, however, the parties' opposition to the interim government obviously undermines the GON position during the negotiations. The parties--perhaps more than the Maoists themselves--remain the wild card in the peace process, potentially able to scuttle any settlement reached between GON and insurgents if they feel it threatens narrowly defined partisan (rather than national) interests. The GON negotiators' pledge to share their political proposals with the parties before the talks begin is an encouraging step toward winning crucial multi-partisan support. We, along with other key Embassies (such as the UK and India), should

redouble our efforts to persuade both the parties and the GON/Palace to present a united front against the Maoists during these sensitive negotiations.

c) **Maintain Firm Posture toward the Maoists:** The Maoist leadership has publicly acknowledged that U.S. security assistance played a pivotal role in persuading them to accept a ceasefire. While publicly applauding efforts toward peace, we should keep up our firm posture against Maoist violence and terror. We will make clear both in public and private communications that the Maoists must demonstrate their sincerity by renouncing violence and ceasing threats against American citizens and interests, including U.S.-sponsored development projects. We will continue to press the GON to raise, as it has promised to do in the August 17 session, the safety and security of American citizens in its talks with the Maoists. If the Maoists do revert to their past terrorist practices, especially if they target U.S. interests, interagency deliberations on whether they qualify for U.S. anti-terrorist sanctions should resume.

d) **International Support:** The Maoists are acutely sensitive to international opinion and would likely attempt to portray any decision to break the ceasefire as having been "forced" on them by the GON. Because of its overwhelming influence in Nepal, India's posture during these negotiations is absolutely crucial to dissuading the Maoists from breaking the peace. We will urge our diplomatic colleagues in Kathmandu--some of whom maintain contact with the Maoist leadership--to stress through both public and private channels that the Maoists must persevere in the peace process. In particular, we will press our British and Indian colleagues to maintain their own levels of security assistance to the GON and urge the Indians to keep up pressure on the Maoists. We recommend that parallel demarches be made in Washington and in London and New Delhi.

COMMENT

17. (C) The tone set during the August 17 round may help determine the longevity of a peace process that appears more and more fragile. If the Maoists find enough political advantage in the GON proposals to placate the hardliners in their ranks, and if the Indians continue to exert helpful pressure on the Maoists, negotiations will likely continue. Absent either of these critical elements, we expect the road toward peace to grow increasingly rocky.
MALINOWSKI